

Message Text

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70

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 DOTE-00 SS-15 NSC-10

PA-03 PRS-01 USIA-12 RSR-01 /102 W
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R 262300 Z APR 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 943

INFO AMCONSUL MONTREAL UNN

AMCONSUL TORONTO UNN

AMCONSUL VANCOUVER UNN

AMCONSUL WINNIPEG UNN

UNCLAS OTTAWA 1012

E. O. 11652: N/ A

TAGS: ETRN, CA

SUBJECT: CIVAIR: PRECLEARANCE

1. FOLLOWING IS SUMMARY OF NINE- PAGE STATEMENT BY
TRANSPORT MINISTER MARCHAND ON CANADA- US AIR RELATIONS,
ISSUED AT PRESS CONFERENCE AT 4 P. M. APRIL 26.

2. GOC HAS NOTIFIED US OF CANADIAN INTENTION TO TERMINATE
PRECLEARANCE THROUGHOUT CANADA. AT SAME TIME, HOWEVER,
GOC ALSO INDICATED THAT THIS MATTER CAN BE DISCUSSED
WITHIN CONTEXT OF RENEGOTIATION OF EXISTING BILATERAL
AIR AGREEMENT. (NEXT SEVERAL PRAGRAPHS DESCRIBE
GALBRAITH PHILOSOPHY AND ITS ENSHRINMENT IN PREAMBLE
OF 1966 AGREEMENT.)

3. 1966 AGREEMENT WAS FIRST STEP IN DIRECTION OF
DEVELOPMENT OF CONTINENTAL AIR PHILOSOPHY AND PROVIDED
FOR FIRST- TIME LONG- HAUL SERVICES TO NUMBER OF POINTS
IN US FOR CARRIERS BOTH COUNTRIES.

4. GOC HAS NOW BEEN IN NEGOTIATION WITH US FOR NEARLY
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FOUR YEARS AND HAVE FAILED TO REACH AGREEMENT NOT ONLY ON OUTSTANDING ROUTE REQUESTS BUT ALSO ON VARIETY OF NEW ROUTES, MANY OF WHICH AFFECT IMPORTANT GROWTH CENTERS IN WESTERN CANADA. THIS SITUATION MUST BE IMPROVED IF CANADA TO MAINTAIN AN ADEQUATE ROUTE PATTERN.

5. IT IS IMPORTANT PRECLEARANCE ISSUE BE EXAMINED AGAINST THIS BACKGROUND AND IN LIGHT OF WHAT IT TRULY REPRESENTS . PRECLEARANCE WAS ORIGINALLY ESTABLISHED TO FACILITATE FLOW OF TRAFFIC. IN PRACTICE, PRECLEARANCE HAS BENEFITTED PASSENGERS WHO ORIGINATE THEIR TRIP AT CANADIAN GATEWAYS BUT HAS BEEN INCONVENIENCE TO CANADIAN PASSENGERS ORIGINATING AT POINTS ELSEWHERE IN CANADA.

6 CANADA DOES NOT OFFER PRECLEARANCE FACILITIES IN US SO THAT IN THIS SENSE ARRANGEMENT IS NOT RECIPROCAL. MORE IMPORTANT, HOWEVER, EXISTING PATTERN OF PRECLEARANCE IS HIGHLY DISCRIMINATORY AND IN CONTRAVENTION OF PRINCIPLES SET OUT IN PREAMBLE TO BILATERAL.

7. US AIRLINES HAVE TESTIFIED BEFORE CONGRESS THAT PRECLEARANCE REPRESENTS NET BENEFIT FOR THEIR AIRLINES OF ROUGHLY \$12 MILLION OVER CANADIAN COMPETITORS, AND THAT IT PROVIDES SUBSTANTIAL INDUCEMENT FOR ATTRACTING TOURISM AND IMPROVING US BALANCE OF PAYMENTS POSITION.

8. EXISTENCE OF PRECLEARANCE AT MONTREAL AND TORONTO ALLOWS US CARRIERS TO ADVERTISE DIRECT SERVICE TO THIRTY- THREE DESTINATIONS, WHEREAS CANADIAN CARRIERS HAVE ONLY SIX ROUTES ON WHICH THEY CAN OFFER SUCH SERVICE. PRECLEARANCE, THEREFORE, ALLOWS US CARRIERS TO OPERATE WHAT IS VIRTUALLY DOMESTIC AIR NETWORK STARTING FROM CANADA. SUCH ARRANGEMENT COULD BE TOLERATED BY CANADIANS ONLY IF OPERATED ON TOTALLY NON-DISCRIMINATORY BASIS, OFFERING SAME ADVANTAGES TO CANADIAN AIRLINES IN TERMS OF US OPERATIONS.

9. NEXT FEW PARAGRAPHS DESCRIBE INCREASING DIFFICULTIES CAUSED BY PRECLEARANCE BECAUSE OF ADVENT OF JET AIRCRAFT, UNCLASSIFIED

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CONGESTION IN TERMINALS, AND BAGGAGE HANDLING.

10. NEXT FEW PARAGRAPHS DESCRIBED DIFFICULTIES CAUSED AIR CANADA BY POSITION OF US BUREAU OF CUSTOMS ON PRECLEARING 747 FLIGHTS AND OPERATIONS OUT OF TORONTO TERMINAL II, AS WELL AS DOUBTS CONCERNING US GOVERNMENT FUNDING OF PRECLEARANCE AND PRECLEARANCE AS A LOOPHOLE IN US PROGRAM PREVENTING NARCOTICS SMUGGLING.

1. FOR THESE REASONS, CANADA HAS REQUESTED US GOVERNMENT TO WITHDRAW PRESENT UNSATISFACTORY SYSTEM FOR PRECLEARANCE AND TO ESTABLISH POSTCLEARANCE WITHIN NINETY DAYS. AIR CANADA IS MAKING ARRANGEMENTS FOR POSTCLEARANCE IN US WHICH WILL BE EFFECTIVE OUT OF TORONTO WHEN SERVICE FROM NEW TERMINAL BEGINS ON APRIL 29.

12. MARCHAND THEN UNDERLINED VITAL INTEREST OF GOC IN RENEGOTIATION OF EXISTING BILATERAL AND THEREBY IMPROVING DIRECT ACCESS TO NUMBER OF MAJOR US CENTERS FROM EXISTING, AS WELL AS NEW, POINTS IN CANADA. HE SAID GOC FEELS IT IS IN INTEREST OF BOTH COUNTRIES AND WITHIN SPIRIT OF PRINCIPLES OF BILATERAL TO REACH AGREEMENT RAPIDLY AND, IN PARTICULAR, BRING END TO SITUATION WHICH HAS DENIED CANADIANS, PARTICULARLY IN WEST, DIRECT ACCESS TO MAJOR US POINTS. HE SAID GOC IS PREPARED TO DISCUSS ARRANGEMENTS FOR PRECLEARANCE DURING DISCUSSIONS ON BILATERAL AGREEMENT, IF THEY CAN BE ESTABLISHED IN PRACTICAL AND EQUITABLE WAY WITHOUT DISCRIMINATING SO MARKEDLY AGAINST CANADIAN AIRLINES. SUCH ARRANGEMENTS COULD INCLUDE PROVISION FOR CANADA TO PROVIDE PRECLEARANCE IN US, SHOULD CANADA WISH TO DO SO.

13. HE SAID SUCH NEGOTIATIONS CAN AND SHOULD DEAL WITH ALL ASPECTS OF FACILITATION INCLUDING PRECLEARANCE BUT THOUGHT IT PRUDENT TO SUGGEST THAT US AIRLINES SHOULD EXAMINE NOW FACILITIES AVAILABLE FOR POSTCLEARANCE, IN EVENT BROAD OUTLINES OF NEW AND MUTUALLY BENEFICIAL ROUTE STRUCTURE CANNOT CLEARLY BE IDENTIFIED
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OVER NEXT FEW MONTHS.

14. TEXT BEING POUCHED.
SCHMIDT

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973OTTAWA01012
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730453/aaaaiyon.tel
Line Count: 159
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 17 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Aug-2001 by reddocgw>; APPROVED <31-Dec-2001 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980203
Subject: CIVAIR: PRECLEARANCE
TAGS: ETRN, CA
To: EB
SECSTATE WASHDC INFO MONTREAL
TORONTO
VANCOUVER
WINNIPEG
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

